



FISCAL MEMORANDUM

HB 1176 - SB 1326

March 29, 2023

SUMMARY OF BILL AS AMENDED (004395, 007003): Vacates and reconstitutes the board of commissioners (Board) for the Metropolitan Nashville Airport Authority (Authority). Requires the Authority to appoint an independent financial auditing firm and the following additional officers: secretary, chief financial officer, general counsel, and chief operating officer. Establishes various reporting requirements for the Authority and clarifies that the Authority shall pay the state for all costs the state incurs in reviewing and auditing the Authority's finances.

Requires the Authority to regulate airport hazards in Davidson County by submitting a map to the county or to an applicable contiguous county that requires the review of building permits within the designated boundaries. Authorizes the Authority to modify, change in the use, sell, or lease any street or other public way, ground, place or space, or public utility whether publicly or privately owned, pursuant to an agreed upon license agreement or prescriptive or express easement; provided that the Authority owns all of the real property abutting such property or public utility or the portions thereon that are to be modified, sold, or leased.

Requires the Authority, when acquiring land through eminent domain, to follow the proceedings for eminent domain under current law.

FISCAL IMPACT OF BILL AS AMENDED:

Other Fiscal Impact – The extent and timing of any permissive impacts to local revenue or expenditures cannot be determined. Additionally, any mandatory increase to local expenditures due to eminent domain proceedings cannot be quantified. *

Assumptions for the bill as amended:

- The proposed legislation would increase the number of the Authority's commissioners from seven to ten.
- Pursuant to Tenn. Code Ann. § 42-4-105(f), commissioners receive no salary but are entitled to reimbursement for necessary expenses incurred in the performance of official duties.
- Based on information provided by the Authority over the past three fiscal years, the Authority reimbursed the following amounts:
 - \$3,412 in FY19-20;

- \$0 in FY20-21; and
 - \$0 in FY21-22.
- According to the Authority's Board minutes, the Board has met approximately 12 times a year for the past three years and typically meets in person, with exceptions that are assumed to be due to the COVID-19 pandemic.
- It is not expected that the proposed legislation would result in any increase to the number of meetings of the Board.
- Currently, under Tenn. Code Ann. § 42-4-105(a)(1)(A), at least five of the seven commissioners are required to be residents of Davidson County.
- The proposed legislation requires that all persons appointed to the Board be residents of Davidson County.
- It can be reasonably assumed, based on the reimbursement of \$0 in each of the last two fiscal years and the residency requirements of the proposed legislation, that increasing the number of commissioners from seven to ten will not result in any increase to reimbursements issued.
- Based on the organizational chart provided on the Authority's website, effective January 19, 2023, the Authority already appoints an independent financial auditing firm, as well as a chief financial officer, general counsel, and chief operating officer. It is assumed that there is a person who functions as a secretary.
- Since the Authority already employs or contracts for such positions, it is assumed that the statutory requirement will have no impact on local expenditures.
- The proposed legislation establishes the following reporting requirements:
 - Requires the Authority to submit the annual operating budget approved by the Board to the Governor, the Speaker of the House of Representatives, and the Speaker of the Senate for review; and
 - Further requires the Authority to submit quarterly reports and any proposals for capital expansion or improvements to members of the Metropolitan Council, as well as the aforementioned elected officials prior to the expansion or improvements.
- The Authority will be able to comply with the reporting requirements utilizing existing staff and resources, resulting in no impact to local expenditures.
- The Authority currently pays the costs for its annual audit; therefore, clarifying that the Authority shall pay any costs incurred by the state in reviewing and auditing the Authority will have no significant fiscal impact on state or local government.
- Tennessee Code Annotated § 42-4-112 provides that current law does not limit any power of a municipality to regulate airport hazards by zoning.
- The proposed legislation would require that airport hazards in Davidson County be regulated by the Authority submitting a map to the county or to an applicable contiguous county that requires the review and approval, conditional approval, or denial of building permits within the designated boundaries.
- Requiring the Authority to submit requests for approval to the applicable county rather than the applicable municipality may result in a decrease to local revenue for certain cities and an increase to local revenue for certain counties. Any mandatory fluctuations to city or county revenue cannot be forecasted. However, it is estimated that the net impact to local government would be not significant.

- Authorizing the Authority to modify, change in the use, sell, or lease streets or other public ways, grounds, places or spaces, or public utilities if the Authority owns all of the real property abutting such properties or the portions thereof that are to be modified, may result in permissive increases to local expenditures and revenue.
- Any future modifications, changes in the use, sales, or leases cannot be forecasted; therefore, any permissive impacts to local government cannot be estimated.
- Pursuant to Tenn. Code Ann. § 42-4-108, the transfer of land acquired through eminent domain may be authorized by ordinance of the governing body of the municipality without submission of the question to the voters and without regard to the requirements, restrictions, limitations, or other provisions contained in any other general, special, or local law.
- The proposed legislation would require the Authority to follow the proceedings for eminent domain under current law and would authorize the Authority to take possession of property any time after the commencement of proceedings and to abandon proceedings.
- Such requirement may result in an increase to Authority expenditures for eminent domain court proceedings. However, it is not known how many instances of the Authority acquiring land through eminent domain occur each year. Any mandatory increase to local expenditures cannot be estimated.
- It is not expected that the proposed legislation would result in a significant increase in the number of eminent proceedings in circuit courts. Any fiscal impact to the court system is estimated to be not significant.

**Article II, Section 24 of the Tennessee Constitution provides that: no law of general application shall impose increased expenditure requirements on cities or counties unless the General Assembly shall provide that the state share in the cost.*

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.



Krista Lee Carsner, Executive Director

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